

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 29, 2009
POSITION: Oppose

BILL NUMBER: SB 376
AUTHOR: J. Simitian

BILL SUMMARY: Energy Resources Conservation & Development Commission

This bill would establish the Liquefied Natural Gas Market Assessment Act (Act). The Act would require the California Energy Commission (Energy Commission) to include a study of the state's need for LNG imports in the Integrated Energy Policy Report. The Energy Commission would be required to update the report within a specified timeframe prior to the California Coastal Commission or State Lands Commission issuing a permit to license an LNG facility. The Act would also require the Energy Commission, by July 1, 2010, to provide specified information on its Website about existing or proposed LNG facilities in the state.

FISCAL SUMMARY

The Energy Commission indicates that it would need about \$350,000 to fund three positions as well as \$300,000 in contract funds to comply with the requirements of the bill. These costs would likely be funded by the Energy Resources Programs Account (ERPA), which is expected to have a \$12 million structural deficit in 2009-10 that will reduce the fund balance to \$2.7 million. Consequently, any augmentations from ERPA would further pressure the Energy Commission to either reduce existing programs or increase fees.

COMMENTS

Finance is opposed to this bill because there are insufficient funds in the ERPA to fund the Energy Commission's ongoing activities without a fee increase. Additionally, the Energy Commission already has the authority to study LNG and other energy issues facing the state.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code	
	LA	(Dollars in Thousands)									
	CO	PROP									
	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011			
3360/Energy Comm	SO	No	C	\$0	C	\$325	C	\$650	0465		
<u>Fund Code</u>	<u>Title</u>										
0465	Energy Resources Programs Account										

Analyst/Principal (0621) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
---------------------------------------	------	--------------------------------------	------

Department Deputy Director	Date
----------------------------	------

Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS	Form DF-43 (Rev 03/95 Buff)
----------------------	-----------------------------